

## **INFORMATION REGARDING VOLUNTARY RETIREMENT OF EMPLOYEES**

(Voluntary Retirements include Optional and Early Out Retirements.)

### **ELIGIBILITY:**

	<u>OPTIONAL (Regular)</u>	<u>EARLY-OUT</u>
<u>CSRS</u>	Age 55/30 Years Service Age 60/20 Years Service Age 62/5 Years Service	Age 50/20 Years Service Any age/25 Years Service
<u>FERS</u>	Age 55-57/30 Years Service Age 60/20 Years Service Age 62/5 Years Service	Age 50/20 Years Service Any age/25 Years Service

FERS MRA + 10: \*Minimum retirement age (MRA) plus 10 years service

\* Five percent penalty for every year under age 62 unless a postponed annuity is elected.

**CATCH 62:** Applicable military deposit must be made to the agency payroll office BEFORE the retirement package can be sent to OPM.

### **EARLY-OUT PENALTY:**

CSRS Employees: Two percent penalty for each year under age 55.

FERS Employees: No penalty for being under age 55.

Transfer Employees: (From CSRS to FERS). CSRS component has penalty of 2 percent for every year under age 55.

FERS component has no penalty for being under age 55.

### **DEPOSITS/REDEPOSITS:** Monies owing for deposits/redeposits

1. May either be paid or taken as a deduction to monthly annuity.
2. Temporary time commencing on or after 1 October 1982 for which deposits are owing is creditable for eligibility but not for computation purposes, unless deposit is paid.
3. Deposits for FERS Temporary time commencing 01-01-89 cannot be made. This time is not creditable service.
4. FERS employees may not make redeposits for any refunded FERS deductions.

**HEALTH INSURANCE:** May be taken into retirement if 5-year or first opportunity requirement has been met. If the 5 year rule is not met, Temporary Continuation of Coverage (TCC) is available for 18 months. If not eligible to take into retirement and/or elect not to take TCC, employee has 31 days from the end of the pay period after separation to convert to a private policy. Otherwise, insurance terminates 31 days after separation.

Retirees have same Open Season as employees.

Must be enrolled in Self and Family and leave a survivor annuity for spouse to be eligible for continuation of health insurance coverage upon death of retiree.

**LIFE INSURANCE:** May be taken into retirement if 5-year or first opportunity requirement is met and do not elect to convert to a private policy.

May elect to convert to a private policy.

If elect not to convert and are not eligible to take into retirement, insurance terminates 31 days after separation.

**SPOUSAL BENEFITS:** Must be provided:

1. Unless spouse waives all or part of spousal benefits.
2. For spouse to continue health insurance coverage upon death of retiree.
3. For former spouse with a qualifying court order.

**THRIFT SAVINGS PLAN (TSP):** May elect to:

1. Have funds rolled over tax deferred into an IRA.
2. Leave funds in and withdraw at a later date.
3. Purchase an annuity.
4. Request a single payment or a series of equal payments.

**HOWEVER:** Withdrawn funds

1. Will be subject to 20 percent withholding for IRS.
2. May be subject to penalty based on age.

**TSP ACCOUNTS OF LESS THAN \$3,500 ARE SUBJECT TO AUTOMATIC REFUND.**

**VOLUNTARY CONTRIBUTIONS (if applicable):** May be used to enhance retirement annuity or withdrawn.

TAXES: Must make claim for the tax-free portion of annuity on IRS Form 1040 to receive tax credit.

ONCE RETIRED, HEALTH INSURANCE CHANGES, LIFE INSURANCE CHANGES, AND INCOME TAX WITHHOLDING CHANGES ARE MADE DIRECTLY TO OPM. MEDICARE WITHHOLDING ELECTIONS ARE MADE DIRECTLY THROUGH SOCIAL SECURITY WHO WILL BILL OPM.

For more detailed information, contact your Retirement Counselor.